

Message Text

UNCLASSIFIED

PAGE 01 COLOMB 00009 031147Z

ACTION EB-07

INFO OCT-01 AF-08 EUR-12 NEA-10 ISO-00 CAB-05 CIAE-00
COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-02 FAA-00
L-03 IO-13 /068 W
-----031212Z 054466 /17

R 030830Z JAN 77

FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC 6449
INFO AMEMBASSY ABU DHABI
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY NDJAMENA
AMEMBASSY NEW DELHI
AMEMBASSY ROME

UNCLAS COLOMBO 009

BRUSSELS FOR FAA, ROME FOR RCAA

E.O. 11652: N/A

TAGS: EAIR, ETRD, CE

SUBJECT: CIVAIR: AIR CEYLON LEASE OF 720 FROM CALEDONIAN AIRLINES

REF: COLOMBO 4723

1. JANUARY 2 EDITION OF SUNDAY TIMES CARRIED LETTER FROM AIR
CEYLON CHAIRMAN PADDY MENDIS STATING THAT FOLLOWING SEVERAL
"CONCESSIONS" BY CAPT. HALLAK, BOARD OF AIR CEYLOY HAD
APPROVED WET-LEASE OF BOEING 720 FROM CALEDONIAN AIRLINES AT
COST OF 1,800 PER BLOCK HOUR. CONCESSIONS INCLUDED SUB-
STITUTION OF ORIGINAL 720 WITH ANOTHER 720 WHICH HAD BEEN
MAINTAINED TO FULL FAA PART 121 STANDARDS BY AIR LINGUS.
HALLAK AGREED TO MAINTAIN AND OPERATE AIRCRAFT IN ACCORDANCE
WITH PART 121 (WHICH RELATES TO SCHEDULED COMMERCIAL FLIGHTS)
RATHER THAN PART 91 (GENERAL AVIATION AND CHARTER OPERATIONS)
ORIGINALLY SPECIFIED IN CONTRACT. HALLAK FURTHER AGREED
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TO CONVERT TO DRY LEASE AT AIR CEYLON'S OPTION AND TO
OPERATE AIRCRAFT ON A "NO LOSS" GUARANTEE. (NO LOSS
AGREEMENT SIMILAR TO ARRANGEMENT AIR CEYLON HAD WITH
UTA UNTIL LAST SEPTEMBER WHEN JOINT OPERATIONS WERE
TERMINATED, LARGELY BECAUSE UTA HAD SUSTAINED LARGE
LOSSES.) NEW 720 NOW SCHEDULED TO BEGIN FLYING TO
BOMBAY, SHARJAH, AND DHAHRAN ON JANUARY 1. AIRCRAFT

WILL LATER BE USED ON RUNS TO MIDDLE EAST AND EUROPE.

2. MENDIS' LETTER ALSO STATED THAT AIR CEYLON WAS GOING "CLEAN" AND WOULD NO LONGER DISCOUNT TICKETS BELOW IATA RATES. MOREOVER, MENDIS SAID HE HAD MET WITH MANAGERS OF ALL AIRLINES OPERATING THROUGH COLOMBO AND TOLD THEM THAT PRICE CUTTING WAS VIOLATION OF THEIR AGREEMENT AND OPERATING AUTHORITIES, AND CONTINUED VIOLATIONS WOULD LEAD TO "SEVERE ACTION." ACCORDING TO LETTER, "ALL MANAGERS WERE UNANIMOUS IN AGREEMENT WITH A 'GO CLEAN' CAMPAIGN AND ASSURED AIR CEYLON OF THEIR COOPERATION AND THAT THEY WOULD COMPLY". A LOCAL PAPER ASKS SOMEWHAT RHETORICALLY WHETHER THIS WILL INCLUDE AEROFLOT.
REED

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRCRAFT, LONG TERM LEASES
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977COLOMB000009
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770001-1111
Format: TEL
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770186/aaaacwzc.tel
Line Count: 77
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Subject: CIVAIR: AIR CEYLON LEASE OF 720 FROM CALEDONIAN AIRLINES
TAGS: EAIR, ETRD, CE, AIR CEYLON
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